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The Connecticut Association of Not-for-profit Providers For the Aging

Testimony to the Human Services Committee
Regarding
Senate Bill 32, An Act Implementing the Governor's Budget Recommendations Concerning Social Services

February 23, 2010

Submitted by Stephen McPherson
CANPFA Chair, President & CEO of Masonicare

The non-profit and mission driven members of CANPFA have made a commitment to serve our elderly and chronically ill through the full continuum of long term care. We believe that people should receive the services they need, when they need them, in the place they call home.

My name is Stephen McPherson and I am the President and CEO of Masonicare and the Chairman of the Board of the Connecticut Association of Not-for-profit Providers for the Aging (CANPFA), an association of over 150 not-for-profit providers of aging services. On behalf of CANPFA I would like to submit the following testimony regarding the Senate Bill 32.

Creating the Future of Aging Services

Medicaid is the single most important public source of financing for long term care, but the fact is that Medicaid rates do not come close to meeting the actual costs of providing this care. This is the case both for nursing homes and for home and community based services. At Masonicare we lose $41.52 per day for every Medicaid resident at our Wallingford nursing home and we lose $18.04 per visit on every Medicaid home care client. The total shortfall last year was in excess of $10.5 million or 20% of the cost of caring for these Medicaid recipients.

Fortunately the Governor did not propose a rate cut for long-term care providers, but already in this biennium budget there will be no Medicaid rate increase for most providers across the continuum of long-term care. Added to no increase last year, this means we will endure three straight years with no rate increase while the cost of providing these services continues to rise. Nursing homes have also been hurt by the state's failure to recalculate their rates as required by law and as a result we have many nursing homes throughout the state experiencing financial distress.

We need to move quickly to strengthen our system of long term care, and particularly the nursing home segment. Since the state has neither the time nor the historic resolve to institute full system change; we propose that you allow us to institute individual change. Allow those of us who are professionals in the field to develop our own individual business plans for our existing skilled nursing facilities and campuses. Allow us to propose creative plans of restructuring, diversifying and/or downsizing of our facilities and services to build a better model of care that will meet current consumer demands and market needs. Give us the opportunity to solve our field's financial woes one solution at a time.

The state can help us by providing the tools we need, such as granting a percentage of current Medicaid funding to nursing homes that reduce beds if they agree to invest that funding into community based services or affordable housing units. Nursing home organizations should be allowed to reduce their current bed size without permanently de-licensing beds, allowing a

provider the opportunity to bring beds back on line if the market demands so in the future. Finally, this concept of individual change and transformation would require a swift, objective and coordinated approval process on the part of the state.

Restructuring could be budget neutral or result in savings to the state through fewer nursing home Medicaid days and healthier facilities that will not need the costly interim rates that are provided for in this current budget.

Providers can be creative in their thinking and create real solutions to the needs of their region while bringing innovation and modernization to the patients served. Culture change could be encouraged, old infrastructure redesigned, daily rates brought closer to cost, and all with the goal of meeting consumer demand while ultimately saving costs to the state.

We have too long relied on interim rates to bail out homes caught in our outdated and stagnant concept of long-term care. It is time to look toward innovative solutions.

I urge you, on behalf of the non-profit providers of aging services, to help us to create the future of aging services.

15% Co-pay on the State Funded Portion of the Connecticut Home Care Program for Elders

The state has adopted and embraced a long term care plan with a goal of rebalancing the system and providing choice for individuals seeking long term care. The Connecticut Home Care Program for Elders should be the flag ship program for this plan, but unfortunately the state funded portion of this program has been hurt by the implementation of a 15% co-payment. These co-pays are affecting access to care as the elderly who need services may be unable to afford the co-pay expense and are choosing not to take advantage of the necessary services. We know that receiving the right services at the right time in the most appropriate setting is the right thing to do and is the most cost effective thing to do. Therefore we urge the legislature to review the effect of the newly instituted co-pay on consumer choice and to consider modifying or eliminating it.

Continuation of Closed Enrollment in the Alzheimer's Respite Care Program

Family caregivers have an important role to play in the long-term care system, but the challenges facing them are great. Connecticut's unpaid caregivers provided over $1 billion worth of care to relatives and in return, they are called upon to sacrifice lost wages and to face significant physical and mental health risks. The risks of poor health and premature death are greatest among those who care for relatives with Alzheimer's disease. In order to continue reaping the benefits that family caregivers provide to older adults, we as a society must increase our support for them. A crucial aspect of that support is funding for respite care. We urge the committee to reopen the respite program.

Thank you for your consideration of this testimony.

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Supplemental Fact Sheet

- Medicaid is the single most important public source of financing for long term care, but the fact is that Medicaid rates do not come close to meeting the actual costs of providing this care. This is the case both for nursing homes and for home and community based services. For example, Masonicare loses $41.52 per day for every Medicaid resident at the Wallingford nursing home, $64.42 per day at the Newtown nursing home, and $18.04 per visit on every Medicaid home care client. The total shortfall last year was in excess of $10.5 million or 20% of the cost of caring for these Medicaid recipients.

- The state has adopted a long term care plan with a goal of rebalancing the system and providing a choice for individuals seeking long term care. CANPFA supports this goal, but experience shows that while rebalancing can moderate the growth of long term care costs, it does not eliminate the growth. Costs continue to rise and will continue to rise through the entire long term care system – and the state needs to recognize this and invest in it. This is an essential element to the success of the long term care plan and the only way we can maintain the commitment to those who rely upon the Medicaid system for their long term care needs.

- The nursing home rate setting structure that is outlined in statute establishes individualized rates based on allowable costs. Historically this rate setting structure has been ignored in the state budget process and replaced by small and arbitrary rate increases. These nominal rate increases have resulted in providers needing to shift costs and cut expenses and the entire system being financially strained.

- If the statutory rate structure for nursing homes was allowed to function, the required rebasing of rates would have resulted in a 9.7% rate increase in this fiscal year and an additional 3% increase next year. Instead, ignoring the rebasing of rates has required nursing homes to find the $280 million dollars in cuts within their facilities over the next two years. That is at least $280 million in current spending that must be cut from nursing homes' operating budgets. And there are not many places we can go to find these cuts. 70% of our costs are related to personnel. Staffing, heat, medical supplies, food – these are our expenses.

- The biennial budged also denies any new fair rent adjustments in our rates to reimburse for capital improvements or repairs to our aging infrastructure. The administration had already established a policy of denying fair rent adjustments for the purchase of moveable equipment such as new beds, patient lifts, or other furniture or equipment that improves the quality of resident care. This policy is extremely short sighted in this economy. It will restrict the ability of providers to finance improvements to their aging facilities, and it will discourage those with working capitol from spending it. And ignoring the need to upgrade residents' beds, mattresses, patient lifts, and other modernized patient care equipment will thwart efforts to improve patient care.